

QUARTERLY REPORT

TRADING NAME OF LICENSEE: GNOC, Corp. (Atlantic City Hilton)

For The Quarter Ended December 31, 2001

TO THE

CASINO CONTROL COMMISSION

OF THE

STATE OF NEW JERSEY

BALANCE SHEETS

DECEMBER 31, 2001 AND 2000

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2001 (c)	2000 (d)
	ASSETS		
	Current Assets:		
1	Cash and cash equivalents.	\$ 22,233	\$ 22,496
2	Short-term investments.	-	-
3	Receivables and patrons' checks (net of allowance for doubtful accounts - 2001, \$ 12,509 ; 2000, \$ 9,902). NOTE 2.	10,510	10,213
4	Inventories.	1,816	1,936
5	Prepaid expenses and other current assets.	1,394	2,338
6	Total current assets.	35,953	36,983
7	Investments, Advances, and Receivables. NOTE 3.	10,578	8,699
8	Property And Equipment - Gross. NOTE 4.	536,916	521,870
9	Less: Accumulated Depreciation/Amortization. NOTES 1 & 4. .	(231,881)	(212,002)
10	Property And Equipment - Net.	305,035	309,868
11	Other Assets. NOTES 1 & 5. .	77,001	79,892
12	Total Assets.	\$ 428,567	\$ 435,442
	LIABILITIES AND EQUITY		
	Current Liabilities:		
13	Accounts payable.	\$ 3,182	\$ 7,419
14	Notes payable.	-	-
	Current portion of long-term debt.		
15	Due to affiliates.	-	-
16	Other.	-	-
17	Income taxes payable and accrued.	-	-
18	Other accrued expenses. NOTE 6.	20,820	21,233
19	Other current liabilities. NOTE 7.	6,274	4,989
20	Total current liabilities.	30,276	33,641
	Long-Term Debt:		
21	Due to affiliates. NOTE 8.	200,000	200,000
22	Other.	-	-
23	Deferred Credits.	-	-
24	Other Liabilities. NOTE 9.	145,945	158,306
25	Commitments And Contingencies. NOTE 1.	-	-
26	Total Liabilities.	376,221	391,947
27	Stockholders', Partners', or Proprietor's Equity. NOTE 10.	52,346	43,495
28	Total Liabilities And Equity.	\$ 428,567	\$ 435,442

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF INCOME

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001 and 2000

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2001 (c)	2000 (d)
	Revenues:		
1	Casino.	\$ 318,749	\$ 314,944 *
2	Rooms.	24,892	25,430
3	Food and beverage.	42,085	41,223
4	Other.	11,056	9,476
5	Total Revenues.	396,782	391,073
6	Less: Promotional allowances.	47,676	46,420
7	Net Revenues.	349,106	344,653
	Costs And Expenses:		
8	Cost of goods and services.	183,150	178,285 *
9	Selling, general, and administrative.	93,451	90,064 *
10	Provision for doubtful accounts.	3,927	6,369
11	Total Costs and Expenses.	280,528	274,718
12	Gross Operating Profit.	68,578	69,935
13	Depreciation and Amortization.	23,396	22,530
	Charges from affiliates other than interest:		
14	Management fees. NOTE 11.	10,472	10,660
15	Other.	-	-
16	Income (Loss) From Operations.	34,710	36,745
	Other Income (Expenses):		
17	Interest (expense)-affiliates.	(17,942)	(17,935)
18	Interest (expense)-external.	-	-
19	Investment alternative tax and related income (expense) - net.	(1,757)	(1,463)
20	Nonoperating income (expense) - net. NOTE 12.	77	519
21	Total Other Income (Expenses).	(19,622)	(18,879)
22	Income (Loss) Before Income Taxes And Extraordinary Items.	15,088	17,866
23	Provision (credit) for income taxes.	6,237	7,297
24	Income (Loss) Before Extraordinary Items.	8,851	10,569
25	Extraordinary items (net of income taxes - 20__, \$)	-	-
26	Net Income (Loss).	\$ 8,851	\$ 10,569

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

*Restated to conform to the 2001 presentation.

STATEMENTS OF INCOME

FOR THE THREE MONTHS ENDED DECEMBER 31, 2001 and 2000

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2001 (c)	2000 (d)
	Revenues:		
1	Casino.	\$ 75,140	\$ 73,376 *
2	Rooms.	6,052	6,004
3	Food and beverage.	10,296	9,995
4	Other.	2,550	2,654
5	Total Revenues.	94,038	92,029
6	Less: Promotional allowances.	11,640	11,219
7	Net Revenues.	82,398	80,810
	Costs And Expenses:		
8	Cost of goods and services.	45,484	45,355 *
9	Selling, general, and administrative.	22,803	22,143 *
10	Provision for doubtful accounts.	2,415	4,171
11	Total Costs and Expenses.	70,702	71,669
12	Gross Operating Profit.	11,696	9,141
13	Depreciation and Amortization.	6,239	5,666
	Charges from affiliates other than interest:		
14	Management fees. NOTE 11.	2,469	2,452
15	Other.	-	-
16	Income (Loss) From Operations.	2,988	1,023
	Other Income (Expenses):		
17	Interest (expense)-affiliates.	(4,473)	(4,490)
18	Interest (expense)-external.	-	-
19	Investment alternative tax and related income (expense) - net.	(476)	(395)
20	Nonoperating income (expense) - net. NOTE 12.	107	198
21	Total Other Income (Expenses).	(4,842)	(4,687)
22	Income (Loss) Before Income Taxes And Extraordinary Items.	(1,854)	(3,664)
23	Provision (credit) for income taxes.	(757)	(1,877)
24	Income (Loss) Before Extraordinary Items.	(1,097)	(1,787)
25	Extraordinary items (net of income taxes - 20__, \$)	-	-
26	Net Income (Loss).	\$ (1,097)	\$ (1,787)

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

*Restated to conform to the 2001 presentation.

TRADING NAME OF LICENSEE: GNOC, Corp. (Atlantic City Hilton)

STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2000 AND DECEMBER 31, 2001

(UNAUDITED)
(\$ IN THOUSANDS)

Line (a)	Description (b)	Common Stock		Preferred Stock		Additional Paid-In Capital (g)		Retained Earnings (Accumulated) (Deficit) (i)	Total Shareholder's Equity (Deficit) (j)
		Shares (c)	Amount (d)	Shares (e)	Amount (f)				
1	Balance, December 31, 1999.....	3,002,510	\$ 30		\$	\$ 123,421	\$	\$ (90,525)	\$ 32,926
2	Net Income (Loss) - 2000.....							10,569	10,569
3	Contribution to Paid-in Capital.....								
4	Dividends.....								
5	Prior Period Adjustments.....								
6									0
7									
8									
9									
10	Balance, December 31, 2000.....	3,002,510	\$ 30		\$	\$ 123,421	\$	\$ (79,956)	\$ 43,495
11	Net Income (Loss) - 2001.....							8,851	8,851
12	Contribution to Paid-in Capital.....								
13	Dividends.....								
14	Prior Period Adjustments.....								
15									
16									
17									
18									
19	Balance, December 31, 2001.....	3,002,510	\$ 30		\$	\$ 123,421	\$	\$ (71,105)	\$ 52,346

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENT OF CHANGES IN PARTNERS' OR PROPRIETOR'S EQUITY

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2000 AND DECEMBER 31, 2001

(UNAUDITED)
(\$ IN THOUSANDS)

NOT APPLICABLE

Line (a)	Description (b)	Contributed Capital (c)	Accumulated Earnings (Deficit) (d)	(e)	Total Equity (Deficit) (f)
1	Balance, December 31, 1999. . . .				
2	Net Income (Loss) - 2000.				
3	Capital Contributions.				
4	Capital Withdrawals.				
5	Partnership Distributions.				
6	Prior Period Adjustments.				
7					
8					
9					
10	Balance, December 31, 2000. . . .				
11	Net Income (Loss) - 2001.				
12	Capital Contributions.				
13	Capital Withdrawals.				
14	Partnership Distributions.				
15	Prior Period Adjustments.				
16					
17					
18					
19	Balance, December 31, 2001. . . .				

The accompanying notes are an integral part of the financial statements.
Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001 and 2000

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2001 (c)	2000 (d)
1	Net Cash Provided (Used) By Operating Activities.	\$ 31,306	\$ 48,048
	Cash Flows From Investing Activities:		
2	Purchase of short-term investment securities.	-	-
3	Proceeds from the sale of short-term investment securities.	-	-
4	Cash outflows for property and equipment.	(16,093)	(10,927)
5	Proceeds from disposition of property and equipment.	266	156
6	Purchase of casino reinvestment obligations.	(3,636)	(1,884)
7	Purchase of other investments and loans/advances made.	-	-
8	Proceeds from disposal of investment and collection of advances and long-term receivables.	-	-
9	Cash outflows to acquire business entities.	-	-
10	Increase in construction - related liabilities.	-	-
11		-	-
12	Net Cash Provided (Used) By Investing Activities.	(19,463)	(12,655)
	Cash Flows From Financing Activities:		
13	Cash proceeds from issuance of short-term debt.	-	-
14	Payments to settle short-term debt.	-	-
15	Cash proceeds from issuance of long-term debt.	-	-
16	Costs of issuing debt.	-	-
17	Payments to settle long-term debt.	-	-
18	Cash proceeds from issuing stock or capital contribution.	-	-
19	Purchases of treasury stock.	-	-
20	Payments of dividends or capital withdrawals.	-	-
21	Change in payable to affiliate.	(12,106)	(34,344)
22	Debt retirement costs.	-	-
23	Net Cash Provided (Used) By Financing Activities.	(12,106)	(34,344)
24	Net Increase (Decrease) In Cash And Cash Equivalents.	(263)	1,049
25	Cash And Cash Equivalents At Beginning Of Year.	22,496	21,447
26	Cash And Cash Equivalents At End Of Year.	\$ 22,233	\$ 22,496

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	Cash Paid During Year For:		
27	Interest (net of amount capitalized)	\$ 17,942	\$ 17,935
28	Income taxes paid (refunded) - net	\$ 6,237	\$ 7,297

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

STATEMENTS OF CASH FLOWS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001 and 2000

(UNAUDITED)

(\$ IN THOUSANDS)

LINE (a)	DESCRIPTION (b)	2001 (c)	2000 (d)
	Net Cash Flows From Operating Activities:		
29	Net income (loss)	\$ 8,851	\$ 10,569
	Noncash items included in income and cash items excluded from income:		
30	Depreciation and amortization of property and equipment.	20,343	19,477
31	Amortization of other assets.	3,053	3,053
32	Amortization of debt discount or premium.	-	-
33	Deferred income taxes - current.	-	-
34	Deferred income taxes - noncurrent.	-	-
35	(Gain) loss on disposition of property and equipment.	317	(95)
36	(Gain) loss on casino reinvestment obligations.	1,757	1,463
37	(Gain) loss from other investment activities.	-	-
38	Net (increase) decrease in receivables and patrons' checks.	(297)	9,674
39	Net (increase) decrease in inventories.	120	613
40	Net (increase) decrease in other current assets.	944	(326)
41	Net (increase) decrease in other assets.	(162)	3,801
42	Net increase (decrease) in accounts payables.	(4,237)	1,012
43	Net increase (decrease) in other current liabilities excluding debt.	872	4,038
44	Net increase (decrease) in other noncurrent liabilities excluding debt.	(255)	(5,231)
45	Loss on extinguishment of debt, net of tax benefit of \$.	-	-
46	Amortization of CRDA assets	-	-
47	Net Cash Provided (Used) By Operating Activities.	\$ 31,306	\$ 48,048

SUPPLEMENTAL SCHEDULE OF INVESTING AND FINANCING ACTIVITIES

	Acquisition Of Property And Equipment:		
48	Additions to property and equipment.	\$ 16,093	\$ 10,927
49	Less: Capital lease obligations incurred.	-	-
50	Cash Outflows For Property And Equipment.	\$ 16,093	\$ 10,927
	Acquisition Of Business Entities:		
51	Property and equipment acquired.	\$ -	\$ -
52	Goodwill acquired.	-	-
53	Net assets acquired other than cash, goodwill, and property and equipment.	-	-
54	Long-term debt assumed.	-	-
55	Issuance of stock or capital invested.	-	-
56	Cash Outflows To Acquire Business Entities.	\$ -	\$ -
	Stock Issued Or Capital Contributions:		
57	Total issuances of stock or capital contributions.	\$ -	\$ -
58	Less: Issuances to settle long-term debt.	-	-
59	Consideration in acquisition of business entities.	-	-
60	Cash Proceeds From Issuing Stock Or Capital Contributions.	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

Valid comparisons cannot be made without using information contained in the notes.

SCHEDULE OF PROMOTIONAL EXPENSES AND ALLOWANCES

(\$ IN THOUSANDS)

FOR THE THREE MONTHS ENDED DECEMBER 31, 2001

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	88,792	\$ 3,743		\$
2	Food	356,998	4,649		
3	Beverage	892,779	2,322		
4	Travel			22,339	923
5	Bus Program Cash			165,025	2,558
6	Other Cash Complimentaries			228,202	8,508
7	Entertainment	24,035	417	1,805	226
8	Retail & Non-Cash Gifts	5,268	420	16,792	1,622
9	Parking				
10	Other *	3,173	89	56,240	464
11	Total	1,371,045	\$ 11,640	490,403	\$ 14,301

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001

Line (a)	(b)	Promotional Allowances		Promotional Expenses	
		Number of Recipients (c)	Dollar Amount (d)	Number of Recipients (e)	Dollar Amount (f)
1	Rooms	361,432	\$ 15,482		\$
2	Food	1,508,672	19,171		
3	Beverage	3,623,661	9,422		
4	Travel			67,556	3,032
5	Bus Program Cash			783,108	12,451
6	Other Cash Complimentaries			800,518	37,219
7	Entertainment	59,459	1,598	6,217	777
8	Retail & Non-Cash Gifts	20,775	1,569	49,614	2,416
9	Parking				
10	Other *	20,789	434	235,699	1,943
11	Total	5,594,788	\$ 47,676	1,942,712	\$ 57,838

* No item in this category exceeds 5%.

GNOC, Corp. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and basis of presentation

The accompanying financial statements include the accounts of GNOC, Corp., a New Jersey corporation (the "Company"). The Company is a wholly owned subsidiary of Bally's Park Place, Inc., which owns and operates the casino hotel resort in Atlantic City, New Jersey known as Bally's Atlantic City ("Bally's Atlantic City"), which is a wholly owned subsidiary of Park Place Entertainment Corporation ("PPE"). The Company owns and operates the casino hotel resort in Atlantic City, New Jersey known as the "Atlantic City Hilton." The Company operates in one industry segment and all significant revenues arise from its casino and supporting hotel operations.

All adjustments have been recorded which are, in the opinion of management, necessary for a fair presentation of the balance sheets for the Company at December 31, 2001 and 2000, and its statements of income for the three and twelve months ended December 31, 2001 and 2000 and its statements of cash flows for the twelve months ended December 31, 2001 and 2000. All such adjustments were of a normal recurring nature.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenue and expenses reported during the period. Actual results could differ from such estimates.

Revenue recognition and promotional allowances

Casino revenues represent the net revenue from gaming wins and losses. The revenues from hotel, food and beverage, and from theater ticket sales are recognized at the time the related services are performed. The statement of income reflects operating revenues including the retail value of complimentary services (also known as promotional allowances), which are deducted on a separate line to arrive at net revenues. Promotional allowances are provided to casino patrons without charge.

Reclassifications

The financial statements for the prior year reflect certain reclassifications to conform with classifications adopted in 2001. These reclassifications had no impact on previously reported net income.

GNOC, Corp. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Inventories

Inventories are stated at the lower of cost (weighted average cost method) or market, which approximates replacement cost.

Property and equipment

Depreciation of property and equipment is provided on the straight-line method over the estimated economic lives of the related assets. Depreciation expense was \$5,476 and \$4,903 for the three months ended December 31, 2001 and 2000, respectively, and \$20,343 and \$19,477 for the twelve months ended December 31, 2001 and 2000, respectively.

<u>Asset class</u>	<u>Life</u>
Buildings	40 years
Building improvements	3-10 years
Furniture, Fixtures and Equipment	3-10 years

Costs in excess of acquired assets

In 1987, Bally Entertainment Corporation (formerly the parent of the Company) acquired the Company, other related properties and real estate leases in a transaction which was accounted for as a purchase. The excess of the total acquisition cost and debt assumed over the fair value of net assets acquired (goodwill) has been amortized on the straight-line method over forty years (see also "New Accounting Standards" below).

Long-lived assets

The provisions of Statement of Financial Accounting Standard No. 121 "Accounting for the Impairment of Long-Lived Assets," require, among other things, that an entity review its long-lived assets and certain related intangibles for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. The Company does not believe that any such changes have occurred.

Fair values of financial instruments

The fair values of the Company's financial instruments including receivables, payables and debt, approximate their recorded book values at December 31, 2001 and 2000.

GNOG, Corp. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

Income taxes

Taxable income or loss of the Company is included in the consolidated federal income tax return of PPE. The Company provides for income taxes by applying the respective state and federal statutory rates to the results of operations. The corresponding liability or receivable is credited or charged to PPE. Deferred income tax assets and liabilities for temporary differences between the carrying amounts for financial reporting and income tax purposes, if any, are accounted for by PPE.

Casino Reinvestment Development Authority

The New Jersey Casino Control Act provides, among other things, for an assessment of licensees equal to 1.25% of their gross gaming revenues in lieu of an investment alternative tax equal to 2.5% of gross gaming revenues. The Company has satisfied this investment obligation by investing in qualified eligible direct investments, by making qualified contributions or by depositing funds with the Casino Reinvestment Development Authority ("CRDA"). Funds deposited with the CRDA may be used to purchase bonds designated by the CRDA or, under certain circumstances, may be donated to the CRDA in exchange for credits against future CRDA investment obligations. CRDA bonds have terms up to fifty years and bear interest at below market rates. The Company records a charge to reflect the estimated realizable value of its CRDA investments.

Allocations and transactions with related parties

The Company transfers cash in excess of its operating needs to PPE on a daily basis. PPE provides the Company with cash advances for capital expenditures and working capital needs.

Certain executive, administrative and support operations of the Company and other PPE affiliates are consolidated, including limousine services, legal services, advertising, sales and marketing services, purchasing and other administrative departments. Costs of these operations are allocated to or from the Company either directly or using various formulas based on estimates of utilization of such services. Management believes the methods used to allocate these costs are reasonable. In addition, the Company leases land from Bally's Atlantic City.

Advertising and Marketing Fee

Hilton Hotels Corporation charges the Company for certain hotel reservation services, and advertising and marketing support in accordance with the fees established for participation in Hilton Reservations Worldwide and the Hilton HHonors Programs, as well as a national and regional group advertising and sales promotions services fee equal to 1% of net room revenues.

GNOC, Corp. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

New Accounting Standards

Statement of Financial Accounting Standard No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"), is effective for all fiscal years beginning after June 15, 2000. SFAS 133, as amended, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities. Under SFAS 133, certain contracts that were not formerly considered derivatives may now meet the definition of a derivative. The Company adopted SFAS 133 January 1, 2001. The adoption of SFAS 133 did not have a significant impact on the financial position, results of operations, or cash flows of the Company.

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). Under SFAS 142, goodwill and indefinite-lived intangible assets are no longer amortized but are reviewed at least annually for impairment. Separate intangible assets that are not deemed to have an indefinite life will continue to be amortized over their useful lives (but with no maximum life). The Company is required to adopt SFAS 142 effective January 2002. The Company has not determined the effect, if any, the adoption of SFAS 142 will have on its financial position and results of operations. During the twelve months ended December 31, 2001, the Company recorded \$3,053 in goodwill amortization. Pursuant to SFAS No. 142, this goodwill amortization ceased on January 1, 2002.

GNOG, Corp. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 2 – RECEIVABLES AND PATRONS’ CHECKS

Receivables and patrons’ checks as of December 31 consist of the following:

	<u>2001</u>	<u>2000</u>
Casino receivables (net of allowance for doubtful accounts – 2001, \$12,335; 2000, \$9,700)	\$ 7,996	\$ 6,726
Other (net of allowance for doubtful accounts – 2001, \$174; 2000, \$202)	2,226	1,773
Due from affiliates	<u>288</u>	<u>1,714</u>
	<u>\$10,510</u>	<u>\$ 10,213</u>

NOTE 3 - INVESTMENTS, ADVANCES AND RECEIVABLES

Investments, advances and receivables as of December 31, 2001 and 2000 consist of funds invested with the CRDA, net of related valuation reserves of \$5,813 and \$4,709 at December 31, 2001 and 2000, respectively.

The Company, Bally’s Atlantic City and the CRDA entered into a credit exchange agreement and an investment agreement in 1998. The credit exchange agreement permits the exchange of certain current and future CRDA obligations between the Company and Bally’s Atlantic City, resulting in a long-term payable to Bally’s Atlantic City (See Note 9). The investment agreement provides an investment plan for the use of certain current and future CRDA funds. These agreements have accelerated the funding of credits due the Company under the aforementioned credit agreement.

GNOG, Corp. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment as of December 31 consist of the following:

	<u>2001</u>	<u>2000</u>
Land	\$ 66,655	\$ 66,655
Buildings and improvements	312,074	302,605
Furniture, fixtures and equipment	155,630	151,425
Construction in progress	<u>2,557</u>	<u>1,185</u>
	536,916	521,870
Less accumulated depreciation and amortization	<u>(231,881)</u>	<u>(212,002)</u>
	<u>\$ 305,035</u>	<u>\$ 309,868</u>

NOTE 5 - OTHER ASSETS

Other assets as of December 31 consist of the following:

	<u>2001</u>	<u>2000</u>
Cost in excess of acquired assets, less accumulated amortization of \$44,637 and \$41,583	\$ 76,839	\$ 79,892
Other	<u>162</u>	<u>-</u>
	<u>\$ 77,001</u>	<u>\$ 79,892</u>

NOTE 6 - OTHER ACCRUED EXPENSES

Other accrued expenses as of December 31 consist of the following:

	<u>2001</u>	<u>2000</u>
Accrued payroll and benefits	\$ 9,452	\$11,119
Insurance claims	4,775	3,920
Other	<u>6,593</u>	<u>6,194</u>
	<u>\$20,820</u>	<u>\$21,233</u>

GNOC, Corp. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 7 - OTHER CURRENT LIABILITIES

Other current liabilities as of December 31 consist of the following:

	<u>2001</u>	<u>2000</u>
Due to Bally's Atlantic City	\$ 635	\$ 725
Due to Atlantic City Country Club, Inc.	75	798
Due to affiliates-other	2,514	360
Unredeemed slot promotions liability	1,010	1,293
Unredeemed chip and token liability	1,335	1,141
Other	<u>705</u>	<u>672</u>
	<u>\$ 6,274</u>	<u>\$ 4,989</u>

NOTE 8 - LONG-TERM DEBT - DUE TO AFFILIATES

Long-term debt - due to affiliates as of December 31 consist of the following:

	<u>2001</u>	<u>2000</u>
9% Note payable to Park Place Finance Corporation due January 1, 2009	<u>\$200,000</u>	<u>\$200,000</u>

In January 1999, the Company declared a \$200,000 distribution payable in the form of a note payable to Bally's Atlantic City. Bally's Atlantic City then immediately assigned the \$200,000 note payable to PPE. On July 1, 2000, PPE assigned the \$200,000 note payable to Park Place Finance Corporation. The note payable bears interest at a rate of 9% per annum, payable on the last business day of each quarter.

GNOG, Corp. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 9 - OTHER LIABILITIES

Other liabilities as of December 31 consist of the following:

	<u>2001</u>	<u>2000</u>
Due to PPE	\$145,149	\$157,255
Due to Bally's Atlantic City (See Note 3)	<u>796</u>	<u>1,051</u>
	<u>\$145,945</u>	<u>\$158,306</u>

Due to PPE consists of an unsecured, non-interest bearing intercompany account.

Eligible non-union employees may participate in defined contribution plans, including a 401(k) and a deferred compensation plan sponsored by PPE. Participating employees contribute a percentage of their earnings to the plans up to certain limits, and are matched in various percentages by the Company. The expense for these plans was \$1,834 and \$2,212 for 2001 and 2000, respectively.

Certain employees of the Company are covered by union-sponsored, collectively bargained, multi-employer defined benefit pension plans. The contributions and charges to expense for these plans were \$811 and \$1,239 in 2001 and 2000, respectively. Under the Employee Retirement Income Security Act, the Company may be liable for its share of unfunded liabilities, if any, if the plans are terminated. Unfunded liabilities can not be determined or reasonably estimated at this time.

NOTE 10 - STOCKHOLDER'S EQUITY

At December 31, 2001 and 2000, the Company had 5,000,000 shares of common stock authorized; of such shares 3,002,510 were issued and outstanding.

NOTE 11 - CHARGES FROM AFFILIATES - MANAGEMENT FEE

The Company and PPE have entered into an administrative services and management agreement. Under the agreement, PPE provides certain services to the Company in the conduct of its business including, but not limited to operations, marketing, banking, accounting, insurance, tax, regulatory and public company reporting, human resource and benefit administration and other administrative functions. In consideration of the performance of these duties, the Company pays PPE a monthly management fee equal to three percent of revenues (net of complimentary services).

GNOC, Corp. (Atlantic City Hilton)
NOTES TO FINANCIAL STATEMENTS
(Unaudited)
(All dollar amounts in thousands)

NOTE 12 - NONOPERATING INCOME (EXPENSE) - NET

Nonoperating income (expense) for the three months ended December 31 consist of the following:

	<u>2001</u>	<u>2000</u>
Interest income	\$ 104	\$ 107
Gain on disposal of equipment	<u>3</u>	<u>91</u>
	<u>\$ 107</u>	<u>\$ 198</u>

Nonoperating income (expense) for the twelve months ended December 31 consist of the following:

	<u>2001</u>	<u>2000</u>
Interest income	\$ 394	\$ 424
Gain (loss) on disposal of equipment	<u>(317)</u>	<u>95</u>
	<u>\$ 77</u>	<u>\$ 519</u>

STATEMENT OF CONFORMITY, ACCURACY AND COMPLIANCE

1. I have examined this Quarterly Report.
2. All the information contained in this Quarterly Report has been prepared in conformity with the Casino Control Commission's Quarterly Report Instructions and Uniform Chart of Accounts.
3. To the best of my knowledge and belief, the information contained in this report is accurate.
4. To the best of my knowledge and belief, except for the deficiencies noted below, the licensee submitting this Quarterly Report has remained in compliance with the financial stability regulations contained in N.J.A.C. 19:43-4.2(b)1-5 during the quarter.



Signature

Assistant Vice President/Controller
Title

006243-11
License Number

On Behalf of:

GNOC, Corp. (Atlantic City Hilton)
Casino License

ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2001

**TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY**



ANNUAL EMPLOYMENT AND PAYROLL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2001

(\$ in thousands)

LINE (a)	DEPARTMENT (b)	NUMBER OF (c) EMPLOYEES	SALARIES AND WAGES		
			(d) OTHER EMPLOYEES	(e) OFFICERS & OWNERS	(f) TOTALS
	CASINO				
1	Administration	13			
2	Gaming	781			
3	Slots	171			
4	Casino accounting	288			
5	Simulcasting	0			
6	Other	0			
7	Total-casino	1,253	\$ 33,523	\$ 268	\$ 33,791
8	ROOMS	294	5,876	147	6,023
9	FOOD AND BEVERAGE	903	16,596	155	16,751
	OTHER OPERATED DEPARTMENTS				
10	Gas Station	5	97		97
11	Health Club / Pool Services	18	230		230
12	Telephone room	20	408		408
13	Retail stores	22	479		479
14	Coat Check	4	55		55
15					
16					
17					
18					
19					
	ADMINISTRATIVE AND GENERAL				
20	Executive office	9	210	1,460	1,670
21	Accounting and auditing	44	1,258	151	1,409
22	Security	233	5,969		5,969
23	Other administrative and general department	61	1,709		1,709
24	MARKETING	203	6,029	1,358	7,387
25	GUEST ENTERTAINMENT	16	1,101		1,101
26	PROPERTY OPERATION AND MAINTENANCE	252	7,601		7,601
27	TOTALS - ALL DEPARTMENTS	3,337	\$ 81,141	\$ 3,539	\$ 84,680

GROSS REVENUE ANNUAL TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 2001

**TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY**



TRADING NAME OF LICENSEE: ATLANTIC CITY HILTON (GNOC. CORP.)

GROSS REVENUE ANNUAL TAX RETURN

FOR THE YEAR ENDED DECEMBER 31, 2001

(\$ in Thousands)

Amended

4/2/02

Line

CASINO WIN:

1.	Table and Other Games Win.....	\$105,442
2.	Slot Machines Win.....	\$221,263
3.	Total Win.....	\$326,705

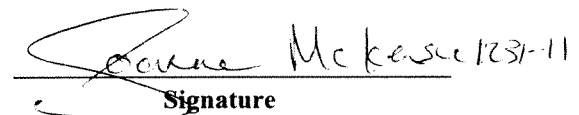
Less - Adjustment for Uncollectible Patrons' Checks:

4.	Provision for Uncollectible Patrons' Checks	\$1,941
5.	Maximum Adjustment (4% of line 3)	\$13,068
6.	Adjustment (the lesser of line 4 or line 5)	\$1,941
7.	Gross Revenue (line 3 less line 6).....	\$324,764
8.	Tax on Gross Revenue - Reporting Year (8% of line 7).....	\$25,981
9.	Audit or Other Adjustments to Tax on Gross Revenues in Prior Years	\$0
10.	Total Taxes on Gross Revenue (the sum of lines 8 and 9).....	\$25,981
11.	Total Deposits Made for Tax on Reporting Year's Gross Revenue.....	(\$25,981)
Settlement of Prior Years' Tax on Gross Revenue		
12.	Resulting from Audit or Other Adjustments - (Deposits) Credits	\$0
13.	Gross Revenue Taxes Payable (the net of lines 10, 11 and 12)	\$0

Under penalties of perjury, I declare that I have examined this Gross Revenue Annual Tax Return and to the best of my knowledge and belief, the information contained in this return is accurate.

03/26/02

Date


Signature

Casino Controller

Title of Officer

SCHEDULE OF RECEIVABLES AND PATRON'S CHECKS

FOR THE YEAR ENDED DECEMBER 31, 2001

**TO THE
CASINO CONTROL COMMISSION
OF THE
STATE OF NEW JERSEY**



SCHEDULE OF RECEIVABLES AND PATRONS' CHECKS

FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2001

(UNAUDITED)
(\$ IN THOUSANDS)

ACCOUNTS RECEIVABLE BALANCES

LINE (a)	DESCRIPTION (b)	ACCOUNT BALANCE (c)	ALLOWANCE (d)	ACCOUNTS RECEIVABLE- (e) NET OF ALLOWANCE
	Patrons' Checks:			
1	Undeposited patrons' checks	\$ 7,012		
2	Returned patrons' checks	13,319		
3	Total patrons' checks	20,331	\$ 12,335	\$ 7,996
4	Hotel Receivables	752	174	578
	Other Receivables:			
5	Receivables due from officers and employee	---		
6	Receivables due from affiliates	288		
7	Other accounts and notes receivables	1,648		
8	Total other receivables	1,936	---	1,936
9	Totals (Form CCC 205)	\$ 23,019	\$ 12,509	\$ 10,510

UNDEPOSITED PATRONS' CHECKS ACTIVITY

LINE (f)	DESCRIPTION (g)	AMOUNT (h)
10	Beginning Balance (January 1)	\$ 7,465
11	Counter checks issued (excluding counter checks issued through transactions relating to consolidations, partial redemptions, substitutions, and patrons' cash deposits)	194,354
12	Checks redeemed prior to deposit (excluding the unredeemed portion of counter checks redeemed through partial redemptions, and excluding checks redeemed through transactions relating to consolidations, substitutions, and patrons' cash deposits)	(132,652)
13	Checks collected through deposits	(50,904)
14	Checks transferred to returned checks	(11,251)
15	Other adjustments	---
16	Ending Balance	\$ 7,012
17	"Hold" Checks Included In Balance On Line 16	\$ 0
18	Provision For Uncollectible Patrons' Checks	\$ 3,861
19	Provision As A Percent Of Counter Checks Issued	2.0%

Under penalties of perjury, I declare that I have examined this report, and to the best of my knowledge and belief, it is true and complete.

March 29, 2001

Date



Signature

Assistant Vice President/Controller

Title of Officer